

**VILLAGE OF MORSE, LOUISIANA**

**FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

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# Thibodeaux Accounting Company

A LIMITED LIABILITY COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Robert Istre, Mayor  
And the Board of Alderman  
Village of Morse  
Morse, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and each major fund of the Village of Morse, Louisiana as of and for the year ended June 30, 2012, which collectively comprise the Village of Morse's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village of Morse, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Village of Morse, Louisiana is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of State Law, we have issued a report dated December 21, 2012 on the results of our agreed-upon procedures.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis and the budgetary comparison information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standard Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has not presented management's discussion and analysis but has presented the budgetary comparison schedules on pages 30 to 32. These schedules are presented for the purpose of additional analysis. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

## ***Thibodeaux Accounting Company***

A Limited Liability Company  
Rayne, Louisiana  
December 21, 2012

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

VILLAGE OF MORSE  
MORSE, LOUISIANA

Statement of Net Assets  
June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total 2012
<b>ASSETS</b>			
Current Assets			
Cash	\$ 9,458	\$ 8,657	\$ 18,115
Internal balances	(4,995)	4,995	-
Receivables	2,384	20,826	23,210
Total Current Assets	<u>\$ 6,847</u>	<u>\$ 34,478</u>	<u>\$ 41,325</u>
Non-Current Assets			
Restricted assets	\$ 12,225	\$ -	\$ 12,225
Capital assets, net of accumulated depreciation	707,512	1,335,614	2,043,126
Total Non-Current Assets	<u>\$ 719,737</u>	<u>\$ 1,335,614</u>	<u>\$ 2,055,351</u>
<b>TOTAL ASSETS</b>	<u>\$ 726,584</u>	<u>\$ 1,370,092</u>	<u>\$ 2,096,676</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 92,117	\$ 38,948	\$ 131,065
Current portion of long-term debt	4,822	-	4,822
Total Current Liabilities	<u>\$ 96,939</u>	<u>\$ 38,948</u>	<u>\$ 135,887</u>
Non-Current Liabilities			
Accrued interest payable	\$ -	\$ -	\$ -
Long-term liabilities			
Due in more than one year	18,621	-	18,621
Total Non-Current Liabilities	<u>\$ 18,621</u>	<u>\$ -</u>	<u>\$ 18,621</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 115,560</u>	<u>\$ 38,948</u>	<u>\$ 154,508</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	\$ 707,512	\$ 1,335,614	\$ 2,043,126
Restricted for:			
Grants	1,002	-	1,002
Recreation department	11,223	-	11,223
Unrestricted	(108,713)	(4,470)	(113,183)
Total Net Assets	<u>\$ 611,024</u>	<u>\$ 1,331,144</u>	<u>\$ 1,942,168</u>

See accompanying notes and independent accountant's review report

VILLAGE OF MORSE  
MORSE, LOUISIANA  
Statement of Activities  
June 30, 2012

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Charges for		Operating		Governmental	Business-Type	Total
	Expenses	Services	Contributions	Grants and Capital Contributions			
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 240,252	\$ -	\$ -	\$ 56,798	\$ (183,454)	\$ -	\$ (183,454)
Public safety	13,484	-	-	-	(13,484)	-	(13,484)
Public works	9,157	-	-	-	(9,157)	-	(9,157)
Interest on long-term debt	685	-	-	-	(685)	-	(685)
Total Governmental Activities	\$ 263,578	\$ -	\$ -	\$ 56,798	\$ (206,780)	\$ -	\$ (206,780)
<b>Business-Type Activities:</b>							
Water	\$ 87,124	\$ 52,276	\$ -	\$ -	\$ -	\$ (34,848)	\$ (34,848)
Sewer	125,202	79,433	-	-	-	(45,769)	(45,769)
Interest	-	-	-	-	-	12	12
Total Business-Type Activities	\$ 212,326	\$ 131,709	\$ -	\$ -	\$ -	\$ (80,605)	\$ (80,605)
Total Primary Government	\$ 475,904	\$ 131,709	\$ -	\$ 56,798	\$ (206,780)	\$ (80,605)	\$ (287,385)
<b>General Revenues:</b>							
Taxes:							
Ad valorem taxes					\$ 9,791	\$ -	\$ 9,791
Sales taxes					40,245	-	40,245
Other taxes					34,395	-	34,395
Licenses and permits					29,373	-	29,373
Fines and forfeitures					22,205	-	22,205
DOTD					2,500	-	2,500
Miscellaneous					25,152	-	25,152
Total General Revenues					\$ 163,661	\$ -	\$ 163,661
Change in Net Assets					\$ (43,119)	\$ (80,605)	\$ (123,724)
Prior Period Adjustment					(23,248)	(23,065)	(46,313)
<b>NET ASSETS AT BEGINNING OF YEAR</b>					677,391	1,434,814	2,112,205
<b>NET ASSETS AT END OF YEAR</b>					\$ 611,024	\$ 1,331,144	\$ 1,942,168

See accompanying notes and independent accountant's review report

## **FUND FINANCIAL STATEMENTS**



## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Sales Tax**

To account for the collection and disbursement of the Village's one percent (1%) sales and use tax.

### **Water System Fund**

To account for the provision of the water services to the residents of the Village of Morse, Louisiana and some residents of the Parish of Acadia. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, billing, and collections.

### **Sewer System Fund**

To account for the provision of the sewerage services to the residents of the Village of Morse, Louisiana. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing, and collections.

VILLAGE OF MORSE  
MORSE, LOUISIANA

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2012

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Sales Tax</u>	<u>Governmental</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>2012</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,171	\$ 8,510	\$ 2	\$ 21,683
Receivables:				
Sales tax	-	2,049	-	2,049
Property taxes	335	-	-	335
Advances from other funds	30,048	8,113	-	38,161
<b>TOTAL ASSETS</b>	<u>\$ 43,554</u>	<u>\$ 18,672</u>	<u>\$ 2</u>	<u>\$ 62,228</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 59,699	\$ 357	\$ -	\$ 60,056
Due to other governments	32,061	-	-	32,061
Advances to other funds	23,091	20,065	-	43,156
Total liabilities	<u>\$ 114,851</u>	<u>\$ 20,422</u>	<u>\$ -</u>	<u>\$ 135,273</u>
Fund Balances:				
Restricted:				
Grants	\$ 1,000	\$ -	\$ 2	\$ 1,002
Committed for:				
Recreation department	11,223	-	-	11,223
Unassigned	(83,520)	(1,750)	-	(85,270)
Total fund balances	<u>\$ (71,297)</u>	<u>\$ (1,750)</u>	<u>\$ 2</u>	<u>\$ (73,045)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 43,554</u>	<u>\$ 18,672</u>	<u>\$ 2</u>	<u>\$ 62,228</u>

See accompanying notes and independent accountant's review report

VILLAGE OF MORSE  
MORSE, LOUISIANA

Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Assets  
June 30, 2012

Fund balances - total governmental funds		\$ (73,045)
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 1,034,066	
Less: accumulated depreciation	<u>(326,554)</u>	707,512
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds, notes payable, and capital leases	\$ (23,443)	<u>(23,443)</u>
Net assets of governmental activities		<u>\$ 611,024</u>

See accompanying notes and independent accountant's review report

VILLAGE OF MORSE  
MORSE, LOUISIANA

Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
June 30, 2012

	Major Funds		Other	Total
	General	Sales Tax	Governmental	Governmental
	Fund	Fund	Funds	Funds
				(Memorandum
				Only)
				2012
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ 9,791	\$ -	\$ -	\$ 9,791
Franchise	31,942	-	-	31,942
Sales	-	40,245	-	40,245
Licenses, permits, and assessments	29,373	-	-	29,373
Intergovernmental:				
Beer tax	1,250	-	-	1,250
State grants	56,798	-	-	56,798
Video poker tax	1,203	-	-	1,203
DOTD	2,500	-	-	2,500
Fines and forfeitures	22,205	-	-	22,205
Other revenues	25,152	-	-	25,152
Total Revenues	<u>\$ 180,214</u>	<u>\$ 40,245</u>	<u>\$ -</u>	<u>\$ 220,459</u>
<b>EXPENDITURES:</b>				
Current:				
General government	\$ 176,509	\$ 19,688	\$ -	\$ 196,197
Public safety	13,066	418	-	13,484
Public works	4,885	4,272	-	9,157
Capital expenditures	268,824	-	-	268,824
Debt service	-	-	3,494	3,494
Total Expenditures	<u>\$ 463,284</u>	<u>\$ 24,378</u>	<u>\$ 3,494</u>	<u>\$ 491,156</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (283,070)</u>	<u>\$ 15,867</u>	<u>\$ (3,494)</u>	<u>\$ (270,697)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Operating transfers in	\$ 22,700	\$ -	\$ 3,494	\$ 26,194
Operating transfers out	(3,494)	(22,700)	-	(26,194)
Total Other Financing Sources/(Uses)	<u>\$ 19,206</u>	<u>\$ (22,700)</u>	<u>\$ 3,494</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ (263,864)</u>	<u>\$ (6,833)</u>	<u>\$ -</u>	<u>\$ (270,697)</u>
Prior Period Adjustment	<u>\$ (23,248)</u>		<u>-</u>	<u>\$ (23,248)</u>
Fund Balances, Beginning of Year	<u>215,815</u>	<u>5,083</u>	<u>2</u>	<u>220,900</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u>\$ (71,297)</u></u>	<u><u>\$ (1,750)</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ (73,045)</u></u>

See accompanying notes and independent accountant's review report

VILLAGE OF MORSE  
MORSE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the  
Statement of Activities  
June 30, 2012

Net change in fund balances - total governmental funds		\$ (270,697)
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 295,076	
Depreciation expense	<u>(44,055)</u>	251,021
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Capital Lease	<u>\$ (26,252)</u>	(26,252)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Lease principal payments	<u>\$ 2,809</u>	<u>2,809</u>
Change in net assets of governmental activities		<u>\$ (43,119)</u>

See accompanying notes and independent accountant's review report

VILLAGE OF MORSE  
MORSE, LOUISIANA

Proprietary Funds  
Statement of Net Assets  
June 30, 2012

	Business-Type Activities		Total (Memorandum Only)
	Enterprise Funds		
	Water Fund	Sewer Fund	2012
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 748	\$ 7,909	\$ 8,657
Receivables	8,814	12,012	20,826
Due from other funds	9,643	5,531	15,174
Total Current Assets	<u>\$ 19,205</u>	<u>\$ 25,452</u>	<u>\$ 44,657</u>
Non-Current Assets			
Restricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Total Non-Current Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Assets			
Capital assets, net of accumulated depreciation	\$ 712,469	\$ 623,145	\$ 1,335,614
Total Capital Assets	<u>\$ 712,469</u>	<u>\$ 623,145</u>	<u>\$ 1,335,614</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 731,674</u></u>	<u><u>\$ 648,597</u></u>	<u><u>\$ 1,380,271</u></u>
<b>LIABILITIES</b>			
Current Liabilities			
Due to other funds	\$ 5,661	\$ 4,518	\$ 10,179
Accounts payable and accrued payables	7,091	31,857	38,948
Total Current Liabilities	<u>\$ 12,752</u>	<u>\$ 36,375</u>	<u>\$ 49,127</u>
Liabilities Payable from Restricted Assets			
Accrued interest payable	\$ -	\$ -	\$ -
Current portion of revenue bonds payable	-	-	-
Total Restricted Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Noncurrent Liabilities			
Revenue bonds payable	\$ -	\$ -	\$ -
Total Noncurrent Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 12,752</u></u>	<u><u>\$ 36,375</u></u>	<u><u>\$ 49,127</u></u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 712,469	\$ 623,145	\$ 1,335,614
Restricted	-	(10,923)	(10,923)
Unrestricted	<u>6,453</u>	<u>-</u>	<u>6,453</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 718,922</u></u>	<u><u>\$ 612,222</u></u>	<u><u>\$ 1,331,144</u></u>

See accompanying notes and independent accountant's review report

VILLAGE OF MORSE  
MORSE, LOUISIANA

Proprietary Funds Statement of Revenues, Expenses  
and Changes in Net Assets  
June 30, 2012

	Business-Type Activities		Total (Memorandum Only)
	Enterprise Funds		
	Water Fund	Sewer Fund	2012
<b>OPERATING REVENUES</b>			
Charges for services	\$ 51,671	\$ 79,042	\$ 130,713
Miscellaneous revenues	605	391	996
Total Operating Revenues	<u>\$ 52,276</u>	<u>\$ 79,433</u>	<u>\$ 131,709</u>
<b>OPERATING EXPENSES</b>			
Payroll expenses	\$ 20,341	\$ 37,569	\$ 57,910
Contract labor	-	-	-
Plant supplies	3,040	1,906	4,946
Office expenses	2,370	3,776	6,146
Depreciation	23,213	36,293	59,506
Utilities	7,170	13,375	20,545
Repairs and maintenance	3,746	22,292	26,038
Professional fees	16,796	2,984	19,780
Chemicals and testing	7,202	4,938	12,140
Sewer system fees	-	-	-
Miscellaneous	3,246	2,069	5,315
Total Operating Expenses	<u>\$ 87,124</u>	<u>\$ 125,202</u>	<u>\$ 212,326</u>
Operating income (loss)	<u>\$ (34,848)</u>	<u>\$ (45,769)</u>	<u>\$ (80,617)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Income	\$ -	\$ 12	\$ 12
Total Non-Operating Revenues (Expenses)	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</u>
Net income (loss) before transfers	<u>\$ (34,848)</u>	<u>\$ (45,757)</u>	<u>\$ (80,605)</u>
Other Sources (uses)			
Capital contributions	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total Other Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Assets	\$ (34,848)	\$ (45,757)	\$ (80,605)
Prior period adjustment	-	(23,065)	(23,065)
Net assets, beginning of year	<u>753,770</u>	<u>681,044</u>	<u>1,434,814</u>
Net assets, end of year	<u><u>\$ 718,922</u></u>	<u><u>\$ 612,222</u></u>	<u><u>\$ 1,331,144</u></u>

See accompanying notes and independent accountant's review report

VILLAGE OF MORSE  
MORSE, LOUISIANA

Proprietary Funds  
Statement of Cash Flows  
June 30, 2012

	Business-type Activities		Total (Memorandum Only)
	Enterprise Funds		
	Water Fund	Sewer Fund	2012
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 48,144	\$ 70,748	\$ 118,892
Cash payments to suppliers for goods and services	(57,563)	(84,021)	(141,584)
Net cash provided by (used for) operating activities	<u>\$ (9,419)</u>	<u>\$ (13,273)</u>	<u>\$ (22,692)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	\$ -	\$ -	\$ -
Net cash (used for) financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash flows from noncapital financing activities</b>			
Cash flows from investing activities	\$ -	\$ 12	\$ 12
Operating transfers from other funds	-	-	-
Net cash provided by investing activities	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ (9,419)	\$ (13,261)	\$ (22,680)
<b>Prior period adjustment</b>	-	-	-
<b>Cash and cash equivalents, July 1, 2011</b>	<u>10,167</u>	<u>21,170</u>	<u>31,337</u>
<b>Cash and cash equivalents, June 30, 2012</b>	<u><u>\$ 748</u></u>	<u><u>\$ 7,909</u></u>	<u><u>\$ 8,657</u></u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>			
<b>Operating income/(loss)</b>	\$ (34,848)	\$ (45,757)	\$ (80,605)
<b>Adjustment to reconcile operating income (loss) to net cash provided by operating activities</b>			
Depreciation	23,213	36,293	59,506
Change in assets and liabilities			
Receivables	(4,132)	(8,685)	(12,817)
Payable	6,348	4,888	11,236
Other payables	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<u><u>\$ (9,419)</u></u>	<u><u>\$ (13,261)</u></u>	<u><u>\$ (22,680)</u></u>
<b>Cash and cash equivalents reporting in all enterprise funds</b>			
Current	\$ 748	\$ 7,909	\$ 8,657
Restricted	-	-	-
	<u><u>\$ 748</u></u>	<u><u>\$ 7,909</u></u>	<u><u>\$ 8,657</u></u>

See accompanying notes and independent accountant's review report



## **NOTES TO FINANCIAL STATEMENTS**

VILLAGE OF MORSE  
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Morse, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Morse was incorporated in 1906, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government and provides services as authorized by its charter: public safety, highways and streets, sanitation, health, recreation, public improvements, planning and zoning, and general and administrative services.

As the municipal governing authority, for reporting purposes, the Village is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (Village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the municipality to impose its will on that organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Village has determined that they have no component units.

GASB Statement No. 54 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make decisions.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements, the statement of net assets and the statement of changes in net assets, report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally

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are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (1) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Village of Morse are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Sales Tax

The Sales Tax Fund is to account for the collection and disbursement of the Village's one percent (1%) sales and use tax.

Proprietary Funds -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including

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Notes to the Basic Financial Statements

depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus/Basis of Accounting

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets.

On the government-wide statements of net assets and statements of activities, both the governmental and business type activities are presented using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these activities are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of Accounting

The statements of net assets, statements of activities, and financial statements of the proprietary funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred without regard to receipt or disbursement of cash.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses when the liability is incurred.

D. Assets, Liabilities and Equity

Cash and Investments

The Village of Morse's cash and cash equivalents consist of cash on hand and amounts in demand deposit accounts and interest bearing demand deposits.

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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Notes to the Basic Financial Statements

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are for the recreation department.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village of Morse maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 years
Equipment	5-20 years
Utility System & Improvements	10-50 years
Infrastructure	10-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term debt

In the government-wide statements, all long-term debt is reported as liabilities and is repaid from governmental and business-type resources.

In the fund financial statements, the long-term debt for governmental funds is not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Employees of the Village are allowed one week of vacation after being employed for one year. These vacation days must be used by December 31 of the current year. There is no sick leave policy. Therefore, there are no accumulations of such absences to be accrued as a liability in these financial statements.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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- b. Restricted net assets – Consists of net assets with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Proprietary fund equity is classified the same as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

The Village adopted GASB Statement 54 in the year ended June 30, 2011. As such, fund balances of the governmental funds are classified as follows:

*Nonspendable* - funds that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – funds that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – funds that are constrained by limitations that the government imposes on itself. These amounts are imposed at the highest level of authority. These amounts are binding unless removed in the same manner that it was imposed and any action must be taken prior to year-end.

*Assigned* - funds whose intended use has been established. These amounts can be, but are not required to be, imposed at the highest level of authority. They do not have to be binding and action does not have to be taken prior to year-end.

*Unassigned* – all other spendable amounts.

Fund balances for the periods ending June 30, 2012:

	General Fund	Sales Tax Fund	Other Gov't Funds	Total
Restricted:				
Grants	\$ 1,000	\$ -	\$ 2	\$ 1,002
Committed:				
Recreation Department	11,223	-	-	11,223
Unassigned	(83,520)	(1,750)	-	(85,270)
Total Fund Balances	\$ (71,297)	\$ (1,750)	\$ 2	\$ (73,045)

The Village considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Village also considers committed fund balances to be spent first when other unrestricted fund balances classifications are available for use.

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Notes to the Basic Financial Statements

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, the governmental funds expenditures are classified by character and the proprietary fund expenditures are classified by operating and nonoperating.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Budget and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk prepares a proposed budget and submits this budget to the Mayor and the Board of Aldermen no later than 15 days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.



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Notes to the Basic Financial Statements

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2. Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2012, the Village had cash and interest-bearing deposits (bank balances) as follows:

Demand Deposits	\$ 40,000
FDIC Insurance	\$ 250,000
Pledged Securities	200,657
Total of pledged securities and FDIC Insurance	\$ 450,657
Excess of pledged securities and FDIC Insurance over demand deposits	\$ 410,657

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2012, the carrying amount of the Village's deposits was \$30,340 and the bank balance was \$40,000. The deposits are secured from risk by \$ 250,000 of FDIC insurance and \$200,657 of pledged securities.

Note 3. Restricted Assets – Governmental Fund Type

Restricted assets in the amount of \$12,225 at June 30, 2012 consisted of:

	June 30, 2012
Recreational Festival Cash Acct.	\$ 11,223
Capital Outlay Grant Cash Acct.	1,000
LCDBG Grant Cash Acct.	2
Total Restricted Assets	\$ 12,225



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Notes to the Basic Financial Statements

Note 4. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village on October 1 and payable on December 31. Billed taxes become delinquent on January 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Acadia Parish. Village property taxes are budgeted in the year billed.

For the year ended June 30, 2012, taxes of 7.00 mills were levied on property with assessed valuations totaling \$1,407,480 and were dedicated as follows:

General Ad Valorem Tax	7.00 mills
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The total taxes levied were \$9,852 for the year ended June 30, 2012.

Note 5. Receivables

The governmental activities receivables at June 30, 2012 consist of \$335 of property tax, and \$2,085 of sales tax.

Note 6. Interfund Receivables, Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$30,048	\$23,091
Water Fund	9,643	5,661
Sewer Fund	5,531	4,518
Sales Tax	<u>8,113</u>	<u>20,065</u>
 Total	 <u>\$ 53,335</u>	 <u>\$53,335</u>

The interfund balances are not expected to be paid back within a year.

Note 7. Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2012:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts Payable	\$92,117	\$38,948	\$131,066
Other liabilities	<u>4,822</u>	<u>-</u>	<u>4,822</u>
Totals	<u>\$96,939</u>	<u>\$38,948</u>	<u>\$135,888</u>

VILLAGE OF MORSE  
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Note 8.

Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance 6/30/11	Additions	Deletions	Balance 6/30/12
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets:				
Land	\$ 83,031	\$ -	\$ -	\$ 83,031
Land Improvements	255,040	268,824	-	523,864
Buildings and improvements	299,986	-	-	299,986
Equipment, furniture and fixtures	81,983	-	-	81,983
Vehicles	18,950	26,252	-	45,202
Total capital assets	<u>\$ 738,990</u>	<u>\$ 295,076</u>	<u>\$ -</u>	<u>\$ 1,034,066</u>
Less Accumulated Depreciation:				
Land Improvements	\$ 1,063	\$ 18,352		\$ 19,415
Buildings and improvements	184,817	17,755	-	202,572
Equipment, furniture and fixtures	80,044	2,144	-	82,188
Vehicles	16,575	5,804	-	22,379
Total accumulated depreciation	<u>\$ 282,499</u>	<u>\$ 44,055</u>	<u>\$ -</u>	<u>\$ 326,554</u>
Governmental activities				
Capital assets, net	<u>\$ 456,491</u>	<u>\$ 251,021</u>	<u>\$ -</u>	<u>\$ 707,512</u>

The additions and deletions of the governmental activities are due to a transfer of capital assets from the governmental activities to the proprietary activities.

	Balance 6/30/11	Additions	Deletions	Balance 6/30/12
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets:				
Land	\$ 53,350	\$ -	\$ -	\$ 53,350
Water System and Improvements	1,187,258	-	-	1,187,258
Machinery & Equip – Water	16,564	-	-	16,564
Sewer System & Improvements	1,365,708	-	-	1,365,708
Total	<u>\$ 2,622,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,622,880</u>
Less Accumulated Depreciation:				
Water System and Improvements	\$ 465,467	\$ 23,213	\$ -	\$ 488,680
Machinery & Equip – Water	15,674		-	15,674
Sewer System and Improvements	746,619	36,293	-	782,912
Total accumulated depreciation	<u>\$ 1,227,760</u>	<u>\$ 59,506</u>	<u>\$ -</u>	<u>\$ 1,287,266</u>
Business-type activities,				
Capital assets, net	<u>\$ 1,395,120</u>	<u>\$ (59,506)</u>	<u>\$ -</u>	<u>\$ 1,335,614</u>

Depreciation expense was charged to governmental activities as follows:

General Government	<u>\$ 44,055</u>
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VILLAGE OF MORSE  
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Notes to the Basic Financial Statements

Depreciation expense was charged to business-type activities as follows:

Water	\$ 23,213
Sewer	<u>36,293</u>
Total depreciation expense	<u>\$ 59,506</u>

Note 9. Dedication of Sales Tax Proceeds

The proceeds of the 1% sales and use tax are accounted for in the Sales Tax Fund (special revenue fund) and are to be used for any lawful corporate purpose as authorized by the May 3, 2003 election.

Note 10. Retirement Commitments

All employees of the Village of Morse are members of the Federal Social Security system. The Village and its employees contribute a percentage of each employee's salary to the system (7.65% contributed by the Town; 5.65% by the employee). The Village's contribution during the year ended June 30, 2012 amounted to \$8,540.

Note 11. Segment Information for the Enterprise Fund

The Village of Morse maintains two enterprise funds which provide water and sewerage services. Segment information for the year ended June 30, 2012 was as follows:

	Water	Sewerage	Total Enterprise Fund
Charges for services and other revenues	<u>\$ 52,276</u>	<u>\$ 79,433</u>	<u>\$ 131,709</u>
Operating expenses --			
Depreciation	\$ 23,213	\$ 36,293	\$ 59,506
Other expenses	63,911	88,909	152,820
Total operating expenses	<u>\$ 87,124</u>	<u>\$ 125,202</u>	<u>\$ 212,326</u>
Operating income	<u>\$ (34,848)</u>	<u>\$ (45,769)</u>	<u>\$ (80,617)</u>

Note 12. Franchise Agreements

The Village entered into franchise agreements with various public utility companies that provide services within the corporate limits of the Village. A summary of each such agreement follows:

1. Entergy Gulf States, Inc. – Franchise fee is based on five percent (5%) of the gross receipts from sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the limits of the Village. Fees are payable on a quarterly basis.
2. Centerpoint Energy – Franchise fee is based on five percent (5%) of the gross receipts from the sale of gas for residential and commercial purposes billed on residential and commercial rates within the limits of the Village.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Notes to the Basic Financial Statements

3. Bell South, Inc. – Bell South, Inc. pays a franchise fee based on five percent (5%) of the gross receipts from local exchange telephone services for residential and commercial purposes billed on established rates provided within the corporate limits of the Village. Fees are payable to the Village in quarterly installments.

Note 13. Litigation

According to their attorney, Mr. John Craton, The Village of Morse, Louisiana was made a defendant in a lawsuit captioned Jerry Wayne Clark versus Acadia Parish Police Jury, Consolidated Gravity Drainage District Number One, and Village of Morse. The lawsuit was filed on or about March 11, 2010 as docket number 2010-10268 in the 15<sup>th</sup> Judicial District Court of Acadia Parish. In June 2012, a settlement was reached in this case. The paperwork for dismissal is in the process of being filed.

At June 30, 2012, there was an ongoing suit entitled *United States vs. Shella Villejoin*, which was filed in the latter part of 2005. The suit sought to recover the sum of \$110,758 from the defendant, who was employed by the Village as a clerk. The Village has recovered \$45,000 of the above amount from CNA Surety Company pursuant to a policy of insurance that had been issued to the Village. Ms. Villejoin plead guilty in court on August 2007 and was sentenced on February 27, 2008. Ms. Villejoin was sentenced to one year and one day of incarceration and restitution of \$25,033, followed by three years of supervised release. While the court has ordered restitution it does not mean the defendant will make payments. In the event that restitution payments are made the funds will be distributed by the clerk of the United States District Court to the Village of Morse. As of June 30, 2012, the Village has received \$19,512 of the restitution owed to them.

Note 14. Compensation of Town Officials

A detail of the compensation paid to the newly elected Mayor and Board of Aldermen with expiring terms of December 2014 is as follows:

	<u>Office</u>	<u>Term</u>	<u>Amount of Compensation</u>
Robert "Butch" Istre	Mayor	January 2011 to December 2014	\$ 440
Peggy Romero	Alderman	January 2011 to December 2014	440
Dale Louvierre	Alderman	January 2011 to December 2014	440
Roger Fusilier	Alderman	June 2011 to December 2014	440
			<u>\$ 1,760</u>

Note 15. Rental Leases

The Village entered into a lease agreement with Southern Tower Antenna Rental. The agreement states that Southern Tower Antenna Rental will pay the Village \$550 a month for one year. The tenant has the option to renew the contract for an additional year upon written notification from the Village. The agreement is to allow the tenant use of a portion of property in connection with its federally licensed communications business.

The Village entered into a lease agreement with Radio Communications Service. The agreement states that Radio Communications Service will pay the Village \$100 per month to attach its equipment to the water tower. The lease began on October 1, 2011 and will continue for a period of ten years. This agreement can be renewed for one additional five year period upon mutual written agreement of the parties.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Note 16. Prior Period Adjustment.

A prior period adjustment of \$23,248 was made in the General Fund and \$23,065 was made in the Sewer Utility Fund. These adjustments were made to record accounts payable for engineering services that were not recorded in the prior year that are still due for the current fiscal year.

Note 17. Capital Leases

In November 2011, the Village entered into a lease agreement as lessee for financing the acquisition of a 2012 Chevrolet Tahoe. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2012 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2013	\$ 5,990
2014	5,990
2015	5,990
2016	5,990
2017	2,496
Total minimum lease payments	\$ 26,456
Less: amount representing interest	(3,013)
Present value of minimum lease payments	<u>\$ 23,443</u>

Note 18. Deficit Balances

The General Fund and the Sales Tax Fund have retained deficit balances of \$71,297 and \$1,750, respectively, at June 30, 2012. The Village plans to eliminate these deficits through excess revenues.

Note 19. Going Concern

Over the last several years, the Village has shown a negative change in net assets and fund balances. With these decreases in net assets and deficit fund balances paired with the continual decrease in available cash and substantial increase in accounts payable, the Village would have limited resources to continue operations if any major repairs of projects permitted themselves. The Village has addressed these issues and has acquired professional consulting to assist in coming up with a plan of action.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Note 20.

Subsequent Events

As of September 20, 2012, the Village increased their water and sewer rates.

The Village has evaluated subsequent events through December 21, 2012, that date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

VILLAGE OF MORSE  
MORSE, LOUISIANA  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2012

	2012			Variance--
	Budget		Actual	Positive (Negative)
	Original	Final		
Revenues:				
Taxes--				
Ad valorem	\$ 25,000	\$ 24,513	\$ 9,791	\$ (14,722)
Franchise	13,500	10,116	31,942	21,826
	<u>\$ 38,500</u>	<u>\$ 34,629</u>	<u>\$ 41,733</u>	<u>\$ 7,104</u>
Intergovernmental revenue--				
Beer tax	\$ 1,500	\$ 1,455	\$ 1,250	\$ (205)
Grants	-	-	56,798	56,798
Video poker tax	-	-	1,203	1,203
DOTD	2,500	2,500	2,500	-
	<u>\$ 4,000</u>	<u>\$ 3,955</u>	<u>\$ 61,751</u>	<u>\$ 57,796</u>
Licenses and permits	<u>\$ 26,000</u>	<u>\$ 27,544</u>	<u>\$ 29,373</u>	<u>\$ 1,829</u>
Fines and forfeitures	<u>\$ 15,000</u>	<u>\$ 14,295</u>	<u>\$ 22,205</u>	<u>\$ 7,910</u>
Miscellaneous revenue--				
Oil royalties	\$ 4,000	\$ 3,504	\$ 10,125	\$ 6,621
Festival revenue	-	-	4,118	4,118
Cell tower lease	6,000	7,050	7,050	-
Other	-	-	3,859	3,859
	<u>\$ 10,000</u>	<u>\$ 10,554</u>	<u>\$ 25,152</u>	<u>\$ 14,598</u>
Total Revenues	<u>\$ 93,500</u>	<u>\$ 90,977</u>	<u>\$ 180,214</u>	<u>\$ 89,237</u>

See independent accountant's review report



VILLAGE OF MORSE  
MORSE, LOUISIANA  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2012

	2012			Variance--
	Budget		Actual	Positive
	Original	Final		(Negative)
Expenditures:				
Current--				
General government	\$ 72,700	\$ 78,817	\$ 176,509	\$ (97,692)
Public safety	-	-	13,066	(13,066)
Public works	11,000	4,287	4,885	(598)
Capital outlay	-	-	268,824	(268,824)
Total expenditures	<u>\$ 83,700</u>	<u>\$ 83,104</u>	<u>\$ 463,284</u>	<u>\$ (380,180)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 9,800</u>	<u>\$ 7,873</u>	<u>\$ (283,070)</u>	<u>\$ (290,943)</u>
Other sources (uses):				
Operating transfers in--				
Sales tax fund	\$ -	\$ -	\$ 22,700	\$ 22,700
LCDGB	-	-	-	-
Sewer maintenance	-	-	-	-
Operating transfers out--				
Water	-	-	-	-
General long-term debt	-	-	(3,494)	3,494
Total other sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,206</u>	<u>\$ 19,206</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 9,800</u>	<u>\$ 7,873</u>	<u>\$ (263,864)</u>	<u>\$ (271,737)</u>
Prior Period Adjustment			(23,248)	(23,248)
Fund balance, beginning of year	<u>215,815</u>	<u>215,815</u>	<u>215,815</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 225,615</u></u>	<u><u>\$ 223,688</u></u>	<u><u>\$ (71,297)</u></u>	<u><u>\$ (294,985)</u></u>

See independent accountant's review report

VILLAGE OF MORSE  
MORSE, LOUISIANA  
SPECIAL REVENUE FUNDS  
SALES TAX FUND

BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2012

	2012			Variance--
	Budget		Actual	Positive
	Original	Final		(Negative)
Revenues:				
Taxes--				
Sales tax collections	\$ 29,000	\$ 34,070	\$ 40,245	\$ 6,175
Miscellaneous revenue	-	-	-	-
Total revenues	<u>\$ 29,000</u>	<u>\$ 34,070</u>	<u>\$ 40,245</u>	<u>\$ 6,175</u>
Expenditures:				
Current--				
General government				
Salaries	\$ 20,000	\$ 35,000	\$ -	\$ 35,000
Professional fees	-	-	12,898	(12,898)
Payroll taxes insurance	-	-	2,309	(2,309)
Office expense	4,000	6,931	3,564	3,367
Miscellaneous	-	-	917	(917)
Public safety				
Repairs and supplies	-	-	418	(418)
Public works				
Repairs and maintenance	-	-	1,201	(1,201)
Utilities	-	-	1,273	(1,273)
Fuel	-	\$ -	1,798	(1,798)
Total expenditures	<u>\$ 24,000</u>	<u>\$ 41,931</u>	<u>\$ 24,378</u>	<u>\$ 17,553</u>
Excess of revenues over expenditures	<u>\$ 5,000</u>	<u>\$ (7,861)</u>	<u>\$ 15,867</u>	<u>\$ 23,728</u>
Other sources (uses):				
Operating transfer (out)--				
General fund	\$ -	\$ -	\$ (22,700)	\$ (22,700)
Payroll fund	-	-	-	-
Total other sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,700)</u>	<u>\$ (22,700)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 5,000	\$ (7,861)	\$ (6,833)	\$ 1,028
Fund balance, beginning of year	<u>5,083</u>	<u>5,083</u>	<u>5,083</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,083</u>	<u>\$ (2,778)</u>	<u>\$ (1,750)</u>	<u>\$ 1,028</u>

See independent accountant's review report

**OTHER SUPPLEMENTAL SCHEDULES**

VILLAGE OF MORSE  
MORSE, LOUISIANA  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES  
Year Ended June 30, 2012

	2012			Variance--
	Budget		Actual	Positive
	Original	Final		(Negative)
Current:				
General government:				
Salaries and wages	\$ 20,000	\$ 29,000	\$ 62,394	\$ (33,394)
Payroll taxes	-	-	12,504	(12,504)
Office expenses	10,300	9,144	8,183	961
Utilities	6,000	10,423	16,108	(5,685)
Telephone expense	-	-	5,730	(5,730)
Bond expense	200	240	240	-
Professional fees	-	-	11,095	(11,095)
Vehicle expense	100	1,479	997	482
Repairs and maintenance	8,000	9,339	8,045	1,294
Insurance	27,000	17,049	36,000	(18,951)
Dues and memberships	400	273	416	-
Bank charges	-	-	130	-
Festival expense	-	-	4,139	(4,139)
Publications	700	1,870	2,599	(729)
Miscellaneous	-	-	7,929	(7,929)
Total general government	<u>\$ 72,700</u>	<u>\$ 78,817</u>	<u>\$ 176,509</u>	<u>\$ (97,692)</u>
Public safety:				
Police department:				
Repairs and supplies	\$ -	\$ -	\$ 13,066	\$ (13,066)
Fuel	-	-	-	-
Salary	-	-	-	-
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,066</u>	<u>\$ (13,066)</u>
Public works:				
Streets and drainage:				
Repairs and maintenance	\$ 2,000	\$ -	\$ -	\$ -
Fuel	9,000	4,287	4,885	(598)
Salary	-	-	-	-
Contract labor	-	-	-	-
Supplies	-	-	-	-
Total public works	<u>\$ 11,000</u>	<u>\$ 4,287</u>	<u>\$ 4,885</u>	<u>\$ (598)</u>
Capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,824</u>	<u>\$ (268,824)</u>
Total capital outlays	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,824</u>	<u>\$ (268,824)</u>
Total expenditures	<u>\$ 83,700</u>	<u>\$ 83,104</u>	<u>\$ 463,284</u>	<u>\$ (380,180)</u>

See independent accountant's review report

VILLAGE OF MORSE  
MORSE, LOUISIANA  
WATER SYSTEM FUND

BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2012

	2012			
	Original Budget	Final Budget	Actual	Variance
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 54,000	\$ 46,275	\$ 51,671	\$ 5,396
Miscellaneous	-	-	605	605
Total operating revenues	\$ 54,000	\$ 46,275	\$ 52,276	\$ 6,001
<b><u>OPERATING EXPENSES</u></b>				
Contract labor	\$ -	\$ -	\$ -	\$ -
Payroll expenses	26,000	23,000	20,341	2,659
Fees	-	-	1,734	(1,734)
Plant supplies	-	-	3,040	(3,040)
Office expense	2,100	4,537	2,370	2,167
Depreciation	-	-	23,213	(23,213)
Utilities	4,000	4,137	7,170	(3,033)
Repairs and maintenance	7,600	5,422	3,746	1,676
Chemical and testing	12,600	11,780	7,202	4,578
Professional fees	-	-	16,796	(16,796)
Miscellaneous	126	250	1,512	(1,262)
Total operating expenses	\$ 52,426	\$ 49,126	\$ 87,124	\$ (37,998)
Operating income (loss)	\$ 1,574	\$ (2,851)	\$ (34,848)	\$ (31,997)
<b><u>NON OPERATING REVENUES (EXPENSES)</u></b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total non operating revenues (expenses)	\$ -	\$ -	\$ -	\$ -
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>\$ 1,574</b>	<b>\$ (2,851)</b>	<b>\$ (34,848)</b>	<b>\$ (31,997)</b>
Other Sources (Uses)				
Capital contribution	\$ -	\$ -	\$ -	\$ -
Operating Transfers In (Out)			0	-
Operating transfers out	-	-	-	-
Total other sources (uses)	\$ -	\$ -	\$ -	\$ -
<b>NET INCOME (LOSS)</b>	<b>\$ 1,574</b>	<b>\$ (2,851)</b>	<b>\$ (34,848)</b>	<b>\$ (31,997)</b>
Retained Earnings, Beginning	753,770	753,770	753,770	-
Retained Earnings, Ending	\$ 755,344	\$ 750,919	\$ 718,922	\$ (31,997)

See independent accountant's review report

VILLAGE OF MORSE  
MORSE, LOUISIANA  
SEWER SYSTEM FUND

BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2012

	2012			
	Original Budget	Final Budget	Actual	Variance
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 66,000	\$ 69,658	\$ 79,042	\$ 9,384
Miscellaneous		-	391	391
Total operating revenues	<u>\$ 66,000</u>	<u>\$ 69,658</u>	<u>\$ 79,433</u>	<u>\$ 9,775</u>
<b><u>OPERATING EXPENSES</u></b>				
Payroll expenses	\$ 32,000	\$ 22,000	\$ 37,569	\$ (15,569)
Plant supplies	-	-	1,906	(1,906)
Office expense	1,400	973	3,776	(2,803)
Depreciation	-	-	36,293	(36,293)
Utilities	11,000	11,200	13,375	(2,175)
Repairs and maintenance	11,800	4,034	22,292	(18,258)
Chemical and testing	2,500	2,070	4,938	(2,868)
Sewer system fees	-	-	-	-
Professional fees	-	-	2,984	(2,984)
Miscellaneous	-	-	2,069	(2,069)
Total operating expenses	<u>\$ 58,700</u>	<u>\$ 40,277</u>	<u>\$ 125,202</u>	<u>\$ (84,925)</u>
Operating income (loss)	<u>\$ 7,300</u>	<u>\$ 29,381</u>	<u>\$ (45,769)</u>	<u>\$ (75,150)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>				
Interest income	\$ -	\$ -	\$ 12	\$ 12
Loss on disposal of assets	-	-	-	-
Interest expense	-	-	-	-
Total Non-operating revenues (expenses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</u>
<b><u>NET INCOME (LOSS) BEFORE TRANSFERS</u></b>	<u>\$ 7,300</u>	<u>\$ 29,381</u>	<u>\$ (45,757)</u>	<u>\$ (75,138)</u>
Other Sources (Uses)				
Capital contribution	\$ -	\$ -	\$ -	\$ -
Operating transfers in (out):				
Operating transfer in	-	-	-	-
Operating transfers out	-	-	-	-
Total other sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Income (Loss)	<u>\$ 7,300</u>	<u>\$ 29,381</u>	<u>\$ (45,757)</u>	<u>\$ (75,138)</u>
Retained Earnings, Beginning	681,044	681,044	681,044	-
Prior Period Adjustment	-	-	(23,065)	-
Retained Earnings, Ending	<u>\$ 688,344</u>	<u>\$ 710,425</u>	<u>\$ 612,222</u>	<u>\$ (75,138)</u>

See independent accountant's review report

# Thibodeaux Accounting Company

A LIMITED LIABILITY COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

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P. O. Box 34 • 801 The Boulevard Suite B • Rayne, Louisiana 70578 • (337) 334-7251 FAX (337) 334-7002

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Robert Istre, Mayor  
And the Board of Alderman  
Village of Morse  
Morse, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Morse, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Morse's compliance with certain laws and regulations during the year ended June 30, 2012, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law)

No expenditures were made during the year for materials and supplies exceeding \$20,000. There were expenditures in excess of \$100,000 and it was determined that the purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

### Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

MEMBER OF  
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CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

### **Budgeting**

5. Obtain a copy of the legally adopted budget and all amendments.

Management adopted a budget for the fiscal year and amended it as required by the Louisiana Local Government Budget Act (LSA-RS 39:1301-1316). The adopted budgets was not in the required format.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on June 6, 2011. The amended budget was adopted on June 13, 2012.

7. Compare the revenues and expenditures for the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. The general fund expenses exceeded the budget amounts by more than 5%.

### **Accounting and Reporting**

8. Randomly select six disbursements made during the period under examination and:

- a. Trace payments to supporting documentation as to proper amount and payee;

We examined the supporting documentation for each of the six selected disbursements and found that all had proper supporting documentation. All of the payments were for the proper amounts and made to the correct payee.

- b. Determine if payments were properly coded to the correct fund and general ledger account;

All six of the selected disbursements were coded properly to the correct general ledger account and fund.

- c. Determine whether payments received approval from proper authorities.

Upon inspecting the supporting documentation each of the six selected disbursements indicated approvals from the Board.

### **Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the open meetings law).

The Village of Morse posted and advertised the meeting agendas as required by LSA-RS 42:1-12.



## **Debt**

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

## **Advances and Bonuses**

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

We inspected payroll records for the year and noted no instances which would indicate payments to employees would constitute bonuses, advances, or gifts.

## **Prior Comments & Recommendations**

12. Review any prior year suggestions, recommendations, and /or comments to determine the extent to which such matters have been resolved.

Please refer to the Schedule of Corrective Action Taken on Prior Year Findings on pages 47 to 48.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. However, as a result of the procedures performed, other matters were noted that are included in the schedule of current year findings.

This report is intended solely for the use of management of the Village of Morse, Louisiana, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

## ***Thibodeaux Accounting Company***

A Limited Liability Company

Rayne, Louisiana  
December 21, 2012

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**

10-24-12 (Date Transmitted)

Thibodeaux Accounting Company  
P.O. Box 34  
Rayne, LA 70578

(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [☒] No [ ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [☒] No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [☒] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [☒] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No [ ]

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [☒] No [ ]

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [☒] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [☒] No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements,

without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

#### Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

<u>Cynthia Cormier</u>	Secretary	<u>10/24/12</u>	Date
<u>Cynthia Cormier</u>	Treasurer	<u>10/24/12</u>	Date
<u>Robert Ashe</u>	President	<u>10/24/12</u>	Date

VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Findings  
June 30, 2012

2012-1 Finding: Financial Statements Not in Accordance With GAAP

The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Criteria:

The reporting entity should be able to prepare financial statements in accordance with GAAP without any outside assistance.

Cause of Condition:

The Village does not have the funds to hire someone or to outsource this function.

Effect of Condition:

The financial statements may not be prepared in accordance with GAAP.

Recommendation:

We recommend that the Village outsource this task to ensure the recording of the courts financial transactions in accordance with GAAP.

2012-2 Finding: Traffic Citations not Reconciled Monthly

Citations are not being accounted for properly. There were several copies of tickets that were not found by the Village when requested for the audit. The Village did not reconcile traffic citations monthly to ensure that all citations have been accounted for and final disposition recorded.

Criteria:

According to Louisiana R.S. 32:398.2 traffic citations are to be reconciled monthly to ensure that all citations have been accounted for and final disposition recorded.

Cause of Condition:

The Village was unclear as to what was required in regards to ticket reconciliation and believed all tickets were accounted for.

Effect of Condition:

Traffic tickets can be lost and financial disposition not recorded.

Recommendation:

The Village should reconcile the traffic citations monthly to ensure all citations have been accounted for and final dispositions are recorded to comply with Louisiana R.S. 32:398.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Findings (Continued)  
June 30, 2012

2012-3 Finding: Voided Traffic Citations

Traffic citations were reduced or dismissed "outside" of traffic court.

Criteria:

Louisiana Revised Statute 32:398.23 requires that all traffic citations be disposed of only by trial or acceptance of a plea in open court.

Cause of Condition:

Traffic citations were voided.

Effect of Condition:

The Village is not in compliance with the statute.

Recommendation:

The Village should not void any tickets. All tickets written should be presented to the traffic court.

2012-4 Finding: Budget Violation

The Village did not properly amend their budget and exceeded budgeted expenses or uses by more than 5% in the General Fund.

Criteria:

Louisiana Revised Statute 39:1311 states that the total actual expenditures or uses should not exceed budgeted expenditures by more than 5% or more.

Cause of Condition:

Management did not properly amend the budget.

Effect of Condition:

The Village could spend funds in excess of budgeted amounts.

Recommendation:

The Village should comply with Louisiana Revised Statute 39:1309 and amend its budget upon a change in operations.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Findings  
June 30, 2012

2012-5 Finding: Records Retention Schedule

The Village did not have a records retention schedule approved by the LA Secretary of State (RS 44:411 and RS 44:36).

Criteria:

Louisiana Revised Statute states that a records retention schedule should be filed with the Louisiana Secretary of State.

Cause of Condition:

The Village was not aware of this statute.

Effect of Condition:

The Village is not in compliance with the Revised Statute.

Recommendation:

The Village should submit a records retention schedule to be approved by the LA Secretary of State.

2012-6 Finding: Not Disbursing Fines to Appropriate Agencies

The Village is not collecting fines for citations written by the police department nor are these fines being disbursed to the appropriate agencies.

Criteria:

All fines collected should be dispersed to the appropriate agencies.

Cause of Condition:

The Village was not aware that these fines needed to be disbursed to other agencies.

Effect of Condition:

The Village has collected fines and have not paid the appropriate amounts to the appropriate agencies.

Recommendation:

The Village should disburse all fines collected to the appropriate agencies.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Findings  
June 30, 2012

2012-7 Finding: Untimely Payment of Payroll Tax Deposits

Criteria:

All 941 payroll taxes are required to be paid by the 15<sup>th</sup> of the following month.

Cause of Condition:

The Village Clerk has failed to make the tax deposits monthly.

Effect of Condition:

The Village is not in compliance with the IRS 941 tax deposit regulations.

Recommendation:

The Village should make all the 941 tax deposits at the same time the payroll is being paid.

2012-8 Finding: Budget Violation

Criteria:

The Local Government Budget Act (LSA-RS 39:1301-1316) required for a budget to be adopted in a required format.

Cause of Condition:

Management prepared a budget in the required format for adoption but this format did not get included in the ordinance.

Effect of Condition:

The Village is not in compliance with the Local Government Budget Act (LSA-RS 39:1301-1316).

Recommendation:

The Village should ensure that all budgets are adopted using the required format.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Corrective Action Plan  
June 30, 2012

Response to Findings:

- 2012-1 The Village has evaluated the cost vs. benefits of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Village to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.
- 2012-2 The Village Clerk will perform a monthly reconciliation of all traffic citations. The Village estimates this to be resolved by June 30, 2014.
- 2012-3 The Chief of Police will inform all officers of this regulation. The Village Clerk will inform the Chief when there are instances of voiding tickets so he can handle the situation. The Village estimates this to be resolved by June 30, 2014.
- 2012-4 Management will utilize the budget and make revisions as they become necessary. The Village Clerk will look at prior year budgets to see what the Village is doing wrong and will use these independent auditors as a resource for answering questions. The Village estimates this to be resolved by June 30, 2013.
- 2012-5 The Village has compiled and submitted a records retention schedule to the LA Secretary of State. The retention schedule was approved by the LA Secretary of State after the fiscal year end.
- 2012-6 The Village Clerk will contact another local City Court to find out what fines and reports need to be sent to which agencies. The Village estimates this to be resolved by June 30, 2013.
- 2012-7 The Village Clerk will make all payroll tax deposits at the same time she is preparing payroll. The Village estimates this to be resolved by June 30, 2013.
- 2012-8 Management will ensure that the adopted budgets are in the required format and in accordance with LSA-RS 39:1301-1316. The Village estimates this to be resolved by June 30, 2013.



VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Corrective Action Taken on Prior Year Findings  
June 30, 2011

2011-1 Financial Statements Not in Accordance with GAAP.

Finding: The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Recommendation: The Village should outsource this task to ensure the recording of the Village's financial transactions in accordance with GAAP.

Status: Unresolved

2011-2 Traffic Citations Not Reconciled Monthly

Finding: Citations are not being accounted for properly. There were several copies of tickets that were not found by the Village when requested. The Village did not reconcile traffic citations monthly to ensure that all citations have been accounted for and final disposition recorded.

Recommendation: The Village should reconcile the traffic citations monthly to ensure all citations have been accounted for and final dispositions are recorded to comply with Louisiana R.S. 32:398.

Status: Unresolved

2011-3 Voided Traffic Citations

Finding: Traffic citations were reduced or dismissed "outside" of traffic court.

Recommendation: The Village should not void any tickets. All tickets written should be presented to the traffic court.

Status: Unresolved

2011-4 Budget Violation

Finding: The Village did not properly amend their budget and failed to meet budgeted expenses by more than 5%.

Recommendation: The Village should comply with Louisiana Revised Statute 39:1309 and amend its budget upon a change in operations.

Status: Unresolved

2011-5 Records Retention Schedule

Finding: The Village did not have a records retention schedule approved the Louisiana Secretary of State (RS 44:411 and RS 44:36).

Recommendation: The Village should submit a records retention schedule to be approved by the Louisiana Secretary of State.

Status: Resolved. The retention schedule was approved by the Louisiana Secretary of State after the fiscal year end.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Corrective Action Taken on Prior Year Findings  
(Continued)  
June 30, 2011

2011-6 Not Disbursing Fines to Appropriate Agencies

Finding: The Village is collecting fines for citations written by the police department but these fines are not being disbursed to the appropriate agencies.

Recommendation: The Village should disburse all fines collected to the appropriate agencies.

Status: Unresolved.